

Estimating future needs for older people

Projection models of the older population, their resources and needs up to year 2030 give indications of the demand on future long-term care and pensions policy, and show that frequently used assumptions for forward trends are oversimplified

The substantial increase in the size of the older population in future decades will have implications for wellbeing and public policy. New research developed projections up to year 2030 of the numbers of older people, and their financial, health, family, household and social resources and needs for care.

Key issues that were investigated include how trends in mortality and morbidity will evolve, and whether extra years of life will be lived in good health; the consequences of changes in family circumstances on informal sources of care and for older people's social participation; and older people's ability to meet care costs, with particular focus on the relationship between care needs and economic resources in later life.

For the first time, long-term care and pensions policy reform options were analysed together.

The project focused on five areas:

- Mortality trends and their implications for future numbers of older people
- Future disease patterns and their implications for disability in later life
- Changing family units and kinship structure
- Household and family resources
- Projections of pensions, incomes, savings, paid and unpaid care, expenditure on pensions and long-term care.

The modelling shows how future public expenditure on pensions and long-term care is affected by assumptions about trends in mortality rates and disability rates for long-term care. It provides new evidence on the costs and distributional effects of changes in the funding system for long-term care, and shows how future expenditure on residential care is sensitive to assumptions about the effect of changes in the funding system on care homes fees.

Key findings

- Mortality forecasting models assuming well-established cohort patterns, for instance for the 1930s 'golden generations', are oversimplified and considerably less firm than often claimed. The assumption that improvement in mortality will slow down may require re-consideration
- Policies on long-term care have influenced alternative living arrangements for older people, even though the trend towards residential independence continues
- Demand for informal care by disabled older people from their adult children is projected to rise faster than supply over the next 20 years, with a 'tipping point' reached after 2017
- The numbers of disabled older people will increase sharply, but the average number of years people live with disability will not alter
- Halving dementia-related disability could reduce the size of the disabled older population by 10 per cent. A shorter period of disability at the oldest ages seems attainable, but only through halving the prevalence of major diseases which would require major advances in preventive and treatment strategies
- Changing demographics will affect family relationships and availability of kin, and lead to patterns of more complex relationships involving step-children, half siblings and former partners
- Despite high mortality rates, 36 per cent of women and 26 per cent of men in institutional care in 2001 were still alive three years later - a finding relevant to both families and service providers planning financing of care.

Policy relevance and implications

- Policies on state pensions and long-term care need to be sufficiently flexible for different demand scenarios, since there is uncertainty about future mortality rates, disability rates and the supply of family care
- Recent trends show chronic diseases are becoming more prevalent, suggesting future increases in disability. The resulting increase in demand for long-term care and disability benefits means that effective health promotion programmes will become more important
- Policies which increase the proportion of publicly funded care home residents will put upward pressure on local authority fee rates, unless those who benefit are required to top up the council's payment
- Reforms to the system of funding long-term care need to consider not only costs and benefits, but also distributional implications. While free personal care or limited liability tend to favour higher income groups of older people, a disregard of housing assets or an increase in the personal expenses allowance in residential care are more favourable to lower income groups.
- The rising demand for informal care will put increasing pressure on adult children as carers. There will also be an increasing number of spouse carers or mutually supporting disabled couples whose needs need to be explicitly considered when planning support services.

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BRIEF DESCRIPTION OF THE RESEARCH

The research 'Modelling Needs and Resources of Older People to 2030' (MAP2030) developed projection models to estimate future numbers of older people, family circumstances, income, pensions, savings, disability, and formal and informal care needs. It produced compatible projections of public and private expenditure on pensions, disability benefits and care services under different reform scenarios for pensions and long-term care funding.

MAP2030 is part of the Research Councils' New Dynamics of Ageing Programme. The programme is a collaboration between the ESRC, the Engineering and Physical Sciences Research Council, the Biotechnology and Biological Sciences Research Council, the Medical Research Council and the Arts and Humanities Research Council.

FURTHER INFORMATION

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New Dynamics of Ageing programme
web: www.newdynamics.group.shef.ac.uk/map2030-modelling-ageing-populations-to-2030.html

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